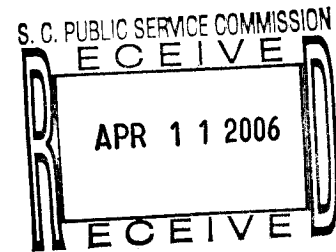




April 6, 2006



The Honorable Charles L. A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
ATTN: Docketing Department
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Electric Service Agreement – Grant Clarendon Inc.
SCPSC Docket No. 2006-108-E

Dear Mr. Terreni:

In accordance with S.C. Code Ann. Regs. 103-303 and 103-804(Y)(2), Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc. ("Company" or "Progress") files herewith for approval an Application for the Supply of Electricity between Company and a new customer, Grant Clarendon Inc. ("Grant"). This Service Agreement governs electric service to Grant's plant in Clarendon County, South Carolina. Grant is a wood products manufacturing facility making engineered wood panel products.

Because of the commercial sensitivity and proprietary nature of certain provisions of this Service Agreement as well as the highly competitive nature of the industry in which Grant operates, the Company and Grant respectfully request that this Service Agreement be received in its original form under seal for Commission review. An affidavit executed by Mr. Scott Pearson, Vice President Grant Clarendon, Inc., is attached in support of this request for confidential treatment.

I therefore enclose the following:

(1) In accordance with Order No. 2005-226 of Docket No. 2005-83-A, Progress is providing a true and correct copy of the original Service Agreement in a sealed envelope marked "CONFIDENTIAL." Each page of the Service Agreement is also marked "CONFIDENTIAL." We request that the Commission treat the Service Agreement and all copies thereof as confidential and proprietary, and are providing the Service Agreement with the expectation that it is exempt from disclosure to any third parties, including but not limited to exemption from disclosure under the Freedom of Information Act, S.C. Code Ann. §§30-4-10 et seq., or any other provision of law. *See, e.g., S.C. Code Ann.* Regs. 103-303, -804(Y). We would further request that in the event that anyone should seek disclosure of this unredacted Service Agreement, the Commission give Progress notice of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Service Agreement from disclosure. We trust that the Commission would support our efforts to

protect the Service Agreement from disclosure. Grant supports the Company's request for confidential protection.

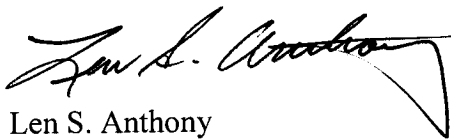
(2) In accordance with Order No. 2005-226, I am also providing a redacted copy of the Service Agreement for filing. This redacted copy can be maintained in the Commission's publicly available files and may be disclosed upon request pursuant to the Commission's general procedures under S.C. Code Ann. Regs. 103-804(Y) and the Freedom of Information Act.

(3) By copy of this letter, we are providing the Office of Regulatory Staff ("ORS") with a redacted copy of the Service Agreement for its records. Additionally, Progress will make the original, unredacted copy of the Service Agreement available for ORS's inspection subject to the provisions of S.C. Code Ann. §58-4-55(C). Pursuant to this section, the Service Agreement is exempt from disclosure under the Freedom of Information Act. Further, the ORS is precluded from disclosing the information obtained from its review to any other person or entity.

The Company further requests that the unredacted (sealed) Service Agreement be returned to the Company subsequent to the Commission's consideration. While we prefer that the Commission not make any copies of the unredacted Service Agreement, we further request that should any copies of the unredacted Service Agreement be made, the Commission provide certification either that all such copies have been destroyed or that all copies have been returned to Progress.

Additionally, the Company respectfully requests that the matter be placed upon the agenda for the Commission's consideration at its next scheduled meeting. We anticipate that ORS will provide the Commission with comments prior to that meeting. If you have any questions regarding this Service Agreement, please do not hesitate to call me at your convenience. Thank you for your kind attention to this matter.

With kind regards,



Len S. Anthony
Deputy General Counsel – Regulatory Affairs

LSA

Attachments

cc: Mr. Dan F. Arnett, ORS
Mr. A. Randy Watts, ORS


STATE OF SOUTH CAROLINA COUNTY OF CLARENDON

AFFIDAVIT OF Scott Pearson

The undersigned, Scott Pearson, first being duly sworn, deposes and says:

1. That I am Vice President for Grant Clarendon Inc. ("Grant Clarendon"),
2. That I have reviewed the Electric Service Agreement dated February 13, 2006 by and between Grant Clarendon and Progress Energy Carolinas, Inc. ("PEC") that was filed with the Public Service Commission of South Carolina ("the Commission").
3. That this Service Agreement contains proprietary, confidential information regarding Grant Clarendon's energy costs that would harm Grant Clarendon's competitive position in the wood products industry if publicly disclosed.
4. That Grant Clarendon supports PEC's request that the unredacted copy of the Service Agreement filed with the Commission be treated as confidential.

This the 4th day of April, 2006.



Scott Pearson

Sworn to and subscribed before me,

This the 4th day of April 2006.



Notary Public

My commission expires: N/A

REDACTED

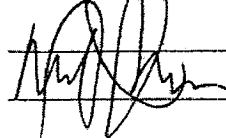
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APPLICATION FOR SUPPLY OF ELECTRICITY

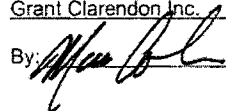
1. The undersigned, hereinafter called "Customer," hereby applies to Progress Energy Carolinas, Inc. hereinafter called "Company," for the supply of all purchased electricity needed for the operation of Customer's wood products manufacturing facility located at or near Clarendon County, S.C. in an initial amount of not less than 9,250* kW, in accordance with the terms hereof, Company's Schedule No. LGS-RTP-6, Rider(s) No. --- and its Service Regulations, a copy of each being attached hereto and hereby made a part hereof.
2. Electricity supplied hereunder shall be in the form of 3 phase, 4 wires, alternating current of approximately 60 hertz frequency and at approximately 13,800/7,970 volts. The maintenance by Company of electricity available to Customer in the above form, and in the quantity applied for, at the point(s) of delivery defined below, shall constitute delivery by Company of the electricity applied for whether or not Customer makes any use thereof.
3. The point(s) of delivery for service supplied hereunder will be on the secondary bus of Company's transmission substation serving Customer.
4. Upon the acceptance hereof by Company, evidenced by the signature of its authorized representative appearing below, this Application shall be an Agreement for the supply of the electricity applied for.
5. Bills rendered for the electricity supplied hereunder are payable at Company's Raleigh, N. C. office.
6. Company will plan for, install, and maintain all the facilities necessary to meet all of Customer's electricity needs now and in the future. If service under this Agreement is terminated or Customer requests a contract reduction prior to the expiration of five years (ten years if transmission service) from July 1, 2006, or the date electricity is first taken hereunder, whichever is earlier; Customer shall pay Company termination or contract reduction charges in accordance with Company's Service Regulations contained herein, and any changes therein, substitutions therefor, or additions thereto lawfully made.
7. This Agreement and the applicable Schedule, Riders, and Service Regulations hereto attached are subject to changes or substitutions, either in whole or in part, made from time to time by a legally effective filing of the Company with, or by order of, the regulatory authority having jurisdiction, and each party to this Agreement reserves the right to seek changes or substitutions, in accordance with law, from such regulatory authority. Unless specified otherwise, any such changes or substitutions shall become effective immediately and shall nullify all prior provisions in conflict therewith.
8. Company's obligation to deliver electricity as covered in this Agreement on the agreed upon date is contingent upon Company's receiving the rights-of-way and receiving the necessary equipment in sufficient time to install it on or before that date.
9. Customer shall be responsible for installing and maintaining devices adequate to protect against damages caused by irregularities or outages on Company's system, regardless of the cause or fault, including devices to protect against voltage fluctuations and single phasing.
10. Company is not liable for any loss, cost, damage, or expense to any customer occasioned by any failure to supply electricity according to the terms of the contract or by any interruption or reversal of the supply of electricity, if such failure, interruption, or reversal is due to storm, lightning, fire, flood, drought, strike, or any cause beyond the control of Company or any other cause except willful neglect on Company's part.

*On or before August 1, 2007, the contract demand shall be increased to 13,500 kW.
See Paragraphs 11 and 12 attached hereto and constituting a part hereof.

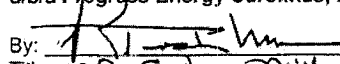
Witness as to Customer:



Grant Clarendon Inc. Customer

By:  Title: Director of Supply

ACCEPTED: Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.

By: 
Title: VP - Customer Mktg. Serv.
This 13 day of Feb 20 06

Mail Bill To:

Name: Grant Clarendon Inc
3250 Sumter Hwy
Address: P.O. Box 230
Alcolu, SC 29001

ORIGINAL

11. SPECIAL PROVISIONS PERTAINING TO THE SUPPLY OF ELECTRICITY UNDER COMPANY'S LARGE GENERAL SERVICE SCHEDULE LGS-RTP
- A. Customer meets and exceeds the qualifications under Company's Economic Development Rider by adding a minimum of 75 full time employees (FTEs) and making an investment in excess of \$400,000. Customer desires service under the Large General Service (Experimental - Real Time Pricing) Schedule, but desires a fixed price during the initial 5 years of service to allow certainty in the overall cost of electricity during initial operation rather than the variable prices typical with this Schedule.
 - B. Customer shall be billed under the most advantageous rate schedule as determined by Company until Customer declares the account to be fully operational and requests service under the conditions stated herein. Customer shall declare the account to be fully operational no later than twelve (12) months from the date service to Customer is first energized.
 - C. Company's current forecast of RTP hourly rates for 2006 through 2011 will result in an average electric rate of █████¢/kWh, assuming Customer operates at a load requirement of approximately 13,500 kW and an average annual load factor of 85% or greater.
 - D. Upon Customer's declaration that the facility is fully operational, all energy and demand registered on Company's meter shall be billed at a rate of █████¢/kWh, plus any franchise, sales or other taxes that may be applicable. This rate will apply for no more than 60 consecutive months from the date the facility is declared operational.
 - E. Customer may request, no more often than annually, all or a portion of the electrical demand and associated annual kWh be served under an alternate schedule, including normal service under Schedule LGS-RTP with rates that vary hourly. If Customer elects to have all or a portion of the billing rendered under an alternate schedule, the █████¢/kWh rate will not be available for the portion of load served by the alternate schedule for the period selected (one year). Customer has the ability to adjust the billing schedules yearly during the initial 5-year term.
 - F. Customer's annual load factor will be reviewed at the end of each 12 month period of receiving service under this RTP rate arrangement. Should Customer's annual load factor be less than 75%, the average rate will be recalculated based upon the 2004 RTP rate forecast and a revised fixed rate as determined by Company will apply thereafter. The annual load factor shall be calculated as the annual kWh divided by the product of the maximum annual demand times 8,760 hours.
 - G. At the end of the 60 month fixed rate period, service shall be rendered under Schedule LGS-RTP with all usage being billed at the variable rates applicable under this Schedule, unless an alternate tariff is requested by Customer.
 - H. If Customer terminates electric service or the contract demand is reduced by Company or Customer before the expiration of the 60 month period, Customer shall pay Company in addition to all other charges, the difference between the actual billing and billing under the otherwise applicable standard LGS or LGS-TOU Schedule, plus interest, for the load that will no longer be served by Company. The rate of interest shall be the rate per annum paid by Company for electric service deposits.
12. This Agreement is subject to the approval of the Public Service Commission of South Carolina, and any and all provisions herein are subject to change by appropriate orders of said Commission.

LARGE GENERAL SERVICE
(EXPERIMENTAL - REAL TIME PRICING)
SCHEDULE LGS-RTP-6

AVAILABILITY

This Schedule is available for electric service on an experimental basis to a maximum of fifteen (15) nonresidential customers with a Contract Demand that equals or exceeds 1,000 kW.

This Schedule is not available: (1) for short-term or temporary service; (2) for electric service in conjunction with Curtailable Load Rider No. 58, Incremental Power Service Rider IPS, Dispatched Power Rider No. 68, Standby and Supplementary Service Rider No. 7, Customer Generation Service Rider No. 55, and Economic Development Rider ED; (3) to a customer who had discontinued receiving service under this Schedule, or its predecessor, during the previous 12 months; (4) for any new customer with a Contract Demand in excess of 50,000 kW; or (5) for service rendered on and after December 31, 2007. Power delivered under this Schedule shall not be used for resale, or as a substitute for power contracted for or which may be contracted for under any other schedule of Company, except at the option of Company, under special terms and conditions expressed in writing in the contract with Customer. Customer shall be required to furnish and maintain a communication link and equipment suitable to support remote reading of Company's meter serving Customer and to support daily receipt of the Hourly Real Time Pricing (RTP) Rates.

APPLICABILITY

This Schedule is applicable to all electric service of the same available type supplied to Customer's premises at one point of delivery through one meter.

TYPE OF SERVICE

The types of service to which this Schedule is applicable are alternating current, 60 hertz, three-phase 3 or 4 wires, at Company's standard voltages of 480 volts or higher. When Customer desires two or more types of service, which types can be supplied from a three-phase 4 wire type, without voltage transformation, only the type of service necessary for Customer's requirements will be supplied under this Schedule.

CONTRACT DEMAND

The Contract Demand shall be the kW of demand specified in the Service Agreement.

CUSTOMER BASELINE LOAD (CBL)

Company shall establish a Customer Baseline Load (CBL), expressed in kilowatt-hours, using one complete year of Customer-specific hourly load data that, in Company's opinion, represents Customer's electricity consumption pattern and is typical of Customer's operation for billing under the otherwise applicable tariffs and from which to measure changes in consumption for billing pursuant to this Schedule. For situations in which hourly load data are not available, a CBL will be constructed by Company using load shapes of customers with similar usage patterns and from relevant information provided by Customer and verified by Company. Establishment of a CBL is a precondition for use of this Schedule.

CBL DETERMINATION

The CBL shall be adjusted at Company's sole discretion to reflect: (1) installation of permanent energy

efficiency measures; (2) permanent removal or addition of Customer's equipment; (3) one-time extraordinary events such as natural disasters; (4) annual plant shutdowns or other random variations in the load patterns; and (5) other changes in usage. After the initial CBL is established, it shall only be subject to a downward adjustment at Customer's request by providing 30 days advance written notice of a permanent reduction of electrical load due to the installation of demonstrable energy efficiency measures or removal of Customer's equipment. Such downward adjustment is subject to Company's concurrence.

CBL CALENDAR MAPPING

To provide Customer with the appropriate CBL for the RTP Service Year, the hourly consumptions established by the CBL shall be calendar-mapped to the corresponding day of the RTP Service Year. Calendar-mapping is a day-matching method to ensure that Mondays are matched to Mondays, holidays to holidays, etc.

The CBL shall be established by first identifying holidays and then grouping the remaining days, i.e., Mondays, Tuesdays, etc, and averaging over the calendar month to result in hourly consumption for a typical week in each calendar month. The CBL result shall then be adjusted for each calendar month to reflect annual plant shutdowns, holidays, or other known work stoppages during the next RTP Service Year. Calendar-mapping is performed prior to each annual renewal of service under this Schedule after adjustments, if any, are made to the CBL.

MONTHLY RATE

The monthly rate shall consist of the following charges:

I. RTP Administrative Charge:

\$500.00

II. RTP Base Charge:

RTP Base Charge = Monthly Bill for the hourly CBL consumption of the current billing month pursuant to the conventional LGS Class tariffs under which Customer either previously received service or would have elected to receive service prior to electing this Schedule.

III. RTP Hourly Energy Charge Adjustment:

RTP Hourly Energy Charge = $\sum \{ \text{Hourly RTP Rate} \times (\text{Hourly Consumption} - \text{CBL Consumption}) \}$

where:

\sum = The summation of the RTP charges and credits for each hour of the current billing month.

The Hourly RTP Rate shall be determined based upon the following formula:

Hourly RTP Rate = $(\text{MENERGY} + \text{CAP} + \text{ADDER}) \times (1 + \text{TAXES})$

where:

MENERGY = Marginal Energy Cost per kilowatt-hour including marginal fuel, variable operating and maintenance expenses, and delivery losses

CAP = Tiered Capacity Charge per kilowatt-hour applicable whenever the day-ahead forecast of the ratio of hourly available generation to hourly demand is equal or less than 1.15

ADDER = $\beta \times (\text{Class Rate-Hourly Marginal Cost})$, but not less than zero.

where:

β = a fixed value equal to 0.20

Class Rate = the prior calendar year average rate per kilowatt-hour under the conventional tariffs applicable to the LGS class, as updated annually effective with the February billing

Hourly Marginal Cost = the sum of the specific hour's kilowatt-hour price for MENERGY and CAP, all as defined above

TAXES = South Carolina Gross Receipts Tax (currently 0.3%)

IV. Facilities Demand Charge:

per kW of Facilities Demand for service provided from:

Transmission System (voltage of 69 kV or higher) without transformation	\$1.74/kW
Transmission System (voltage of 69 kV or higher) with one transformation	\$2.17/kW
Distribution System (voltage below 69 kV) without transformation	\$2.34/kW
Distribution System (voltage below 69 kV) with one transformation	\$2.66/kW

The kW of Facilities Demand shall be the greater of (1) the Contract Demand or (2) the maximum demand registered or recorded by Company's meter during a 15-minute interval in the current billing month, in excess of the maximum demand included in the CBL applicable to the current billing month. The Facilities Demand shall include any Standby Service kW, when applicable.

PROVISION OF STANDBY SERVICE

If service is received under a standby service tariff prior to service under this Schedule, the use of standby service shall be excluded from initial determination and update of the CBL. The RTP Base Charge, as set forth in the Monthly Rate provision above, shall include billing of Supplementary Service but shall not include any charges related to reservation or use of Standby Service. If Standby Service is provided, Customer must contract to receive service under Standby Service Rider No. SS, or its successor. However, notwithstanding any provisions of Rider SS, the Demand Delivery Charge, Daily Demand Charge and Energy Charge shall not be applicable for billing purposes under this Schedule. Any use of Standby Service shall be billed pursuant to the RTP Hourly Energy Charge provisions of this Schedule.

POWER FACTOR ADJUSTMENT

When the power factor in the current billing month is less than 85%, the monthly bill will be increased by a sum equal to \$0.30 multiplied by the difference between the maximum reactive kilovolt-amperes (kVar) registered by a demand meter suitable for measuring the demand used during a 15-minute interval and 62% of the maximum kW demand registered in the current billing month.

CUSTOMER RATE NOTIFICATION

Company will notify Customer of the hourly prices via electronic mail, or other method of communications acceptable to Company, by 4 p.m. of the preceding business day. Prices for Saturday, Sunday and Monday will generally be available on the preceding Friday. For a recognized holiday and the day following the holiday, prices will be available the preceding Company business day. Whenever prices are provided in excess of a day ahead and updated projections would result in significantly different prices, Company reserves the right to issue revised prices provided such prices are conveyed no later than 4 p.m. on the preceding calendar day.

Company is not responsible nor liable for Customer's failure to receive and act upon the hourly prices. If Customer does not receive these prices, it is Customer's responsibility to inform Company so that future prices may be supplied.

SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

PAYMENTS

Bills are due when rendered and are payable within 15 days from the date of the bill. If any bill is not so paid, the Company has the right to suspend service in accordance with its Service Regulations. In addition, any bill not paid on or before the expiration of twenty-five (25) days from the date of the bill is subject to an additional charge of 1% per month as provided in Rule 103-339(3) of the Rules and Regulations of the South Carolina Public Service Commission.

CONTRACT PERIOD

The Contract Term shall be for one year and will be automatically renewed annually unless terminated by either party by giving not less than thirty (30) days written notice of termination. In the event the Contract Period extends beyond December 31, 2007, the Contract Period shall instead be a period ending December 31, 2007. During the initial 12 months of service under this Schedule, the Contract Period may be terminated, at Company's option, when continued service under this Schedule will result in a demonstrable economic hardship for the Customer.

GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations and any changes therein, substitutions therefor, or additions thereto lawfully made.

Company makes no representation regarding the benefits of Customer subscribing to this Schedule. Customer, in its sole discretion, shall determine the feasibility and benefits of Customer subscribing to this Schedule.

Supersedes Schedule LGS-RTP-4

Effective for service rendered on and after October 28, 2004

SCPSC Docket No. 97-057-E, Order No. 2004-545

SERVICE REGULATIONS

1. SERVICE AGREEMENT

- (a) Description: The Service Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Application for Supply of Electricity, when signed by Customer and accepted by Company, (2) the applicable Schedule and Riders and (3) these Service Regulations, and all changes, revisions, alterations therein, or substitutions therefor lawfully made; provided that when the requested supply of electricity (1) is for residential uses or (2) is for other uses when the Customer's contract demand (a) is initially not more than 200 kW or (b) does not require an increase in Company's facilities when the demand increases above 200 kW, and (3) when no extra charges for installation or other special contractual provisions are involved, the Customer's application and the Company's acceptance thereof may be verbal, and in such event the Company's applicable Schedule, Riders and these Service Regulations shall be effective in the same manner as if Company's form of Application for Supply of Electricity had been signed by Customer and accepted by Company. Such a verbal Service Agreement shall be conclusively presumed, when there is no written application by a Customer accepted in writing by the Company, if electricity supplied by the Company is used by Customer or is used on Customer's premises.
- (b) Application of Service Regulations and Schedules: All Service Agreements in effect at the time of the approval hereof or that may be entered into in the future, are made expressly subject to these Service Regulations, and subject to all applicable Schedules and Riders, and any changes therein, substitutions therefor, or additions thereto lawfully made.
- (c) Selection of Optional Schedules: Where two or more rate schedules and/or riders are available, Company will attempt to assist Customer to a reasonable extent in determining which rate schedule and/or rider to select. It is the Customer's right and responsibility to select the available rate and/or rider. The Company will not assume responsibility for this choice since the control of the electric usage is under Customer's ultimate control.
- (d) Conflicts: In case of conflict between any provision of a Schedule or Rider and of these Service Regulations, the provision of the Schedule or the Rider shall prevail.
- (e) Transfer of Agreement: A Service Agreement between the Company and Customer may be transferred and assigned by the Customer to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is being served under such Agreement, subject to the written approval of the Company. The Company will grant such approval upon being reasonably satisfied that the assignee will fulfill the terms of the Agreement and if, at Company's option, a satisfactory guarantee for the payment of bills is furnished by assignee.
- (f) Suspension of Billing Under Agreement at Customer's Request: If Customer is temporarily unable to take the electricity contracted for due to physical destruction of or damage to his premises, Company will, upon written request of Customer, and for a period reasonably required to replace or repair such premises, suspend billing under the Agreement effective with the beginning of the next ensuing billing period. However, if Customer desires to use electricity in a lesser amount than the minimum provided in the Agreement it will be supplied and billed under Company's Schedule and Riders applicable to his use.

The Service Charge and any temporary service charges for electric service to temporary facilities will not be applied when Company's construction costs of such construction do not exceed a reasonable amount or to reestablish permanent electric service. A residential or small nonresidential customer, following the physical destruction of his premises from a natural disaster, may also suspend or terminate area lighting service within the initial contract period without incurring early termination charges.

If Customer will be using less than one-half of his Contract Demand during a period of suspended operations for at least three consecutive months but no longer than twelve consecutive months, and upon written request by Customer, the Billing Demand shall be the maximum kW registered during the current billing month under the Schedules and Riders effective for the reduced usage. When Customer's load regularly falls below one-half of his Contract Demand, such operations shall not be considered as suspended operations.

During the initial twelve months of service, Customer's monthly bills will be rendered under the most advantageous available Schedule and Rider, except that once a bill is rendered under the Schedule and Rider(s) specified in the Service Agreement, service will thereafter be provided only under that Schedule and Rider. The Contract Demand will be excluded from the determination of the Billing Demand and Availability provisions of the Schedule during this initial period.

- (g) Termination of Agreement at Customer's Request: If Customer desires to terminate the Agreement, Company will agree to such termination if Company is satisfied that Customer no longer has use for electricity at the premises and all bills for electricity previously rendered have been paid, and provided that Customer pays to Company, for standard facilities, a termination charge equal to (1) for Customers served from Company's distribution system the loss in salvage of the facilities used to serve the Customer less the greater of (a) 20 percent of the loss in salvage for each full year that such facilities shall have been in service or (b) 20 percent of each full year's revenue that such facilities shall have been in service; (2) for Customers served from Company's transmission system, the loss in salvage of the facilities used to serve the Customer less the greater of (a) 10 percent of the loss in salvage for each full year that such facilities shall have been in service or (b) 10 percent of each full year's revenue that such facilities shall have been in service. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the supply of electricity for a term not less than the unexpired portion of Customer's Agreement.
- (h) Company's Right to Terminate or Suspend Agreement: Company, in addition to all other legal remedies, may either terminate the Agreement or suspend delivery of electricity to Customer for (a) any default or breach of Agreement by Customer, (b) fraudulent or unauthorized use of electricity or use in such manner as to circumvent Company's meter, (c) failure to pay bills when due and payable or failure to restore deposit within the specified period or, (d) in case of a condition on Customer's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property. No such termination or suspension, however, will be made by Company without twenty-four hours' written notice (or such written notice as required by the state regulatory authority) delivered to Customer personally or by mail, stating in what particular the Agreement has been violated, except that no notice need be given in instances set forth in (b) and (d) above.

Failure of Company to terminate the Agreement or to suspend the delivery of electricity at any time after the occurrence of grounds therefor or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any or more of such rights or remedies on account of any

such ground then existing or which may subsequently occur.

Any suspension of the delivery of electricity by Company or termination of the Agreement upon any authorized grounds shall in no wise operate to relieve Customer of his liability to pay for electricity supplied, nor shall it relieve Customer (1) of his liability for the payment of minimum monthly charges during the period of suspension, nor (2) of his liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the termination charges provided for in paragraph 1(g) above. Whenever the supply of electricity is suspended for any authorized reason, Company will make a charge of \$15.00 for the restoration of service made during the normal business hours of Company or \$15.00 for the restoration of service made during all other hours.

2. CONDITIONS OF SERVICE

- (a) Company is not obligated to supply electricity to Customer unless and until: (1) Company's form of Application for Supply of Electricity is executed by Customer and accepted by Company; (2) in cases where it is necessary to cross private property to deliver electricity to Customer, Customer conveys or causes to be conveyed to Company, without cost to Company, a right of way easement, satisfactory to Company, across such private property for the construction, maintenance, and operation of Company's lines and facilities, necessary to the delivery of electricity by Company to Customer: provided, however, in the absence of a formal conveyance, Company, nevertheless, shall be vested with an easement over Customer's premises authorizing it to do all things necessary to the construction, maintenance, and operation of its lines and facilities for such purpose; (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company.
- (b) If Company installs a substation or other facilities for service to Customer, any available capacity of such facilities not needed to supply Customer may be used by Company to supply others.
- (c) Company may refuse to furnish electric service to any Applicant, or Customer, who at the time is indebted to Company for electric service previously supplied to such Applicant or Customer, or any other member of his household, or business, in any area served by Company.

3. SERVICE CHARGE

When Company first supplies electricity under any applicable metered Schedule, Customer shall pay Company a service charge of \$15.00, except a Landlord Agreement Customer shall pay a service charge of \$9.00, which shall be in addition to all other charges under the Service Agreement. This service charge shall become a part of the first bill rendered thereafter to Customer for electricity supplied at such premises unless it is paid in advance of the rendition of such bill.

4. DEPOSITS

The collection of Customer deposits shall be in accordance with Section 103-331 of the Rules and Regulations Governing Service Supplied by Electric Systems in South Carolina issued by the Public Service Commission of South Carolina.

5. USE OF ELECTRICITY

Electricity shall be supplied directly to Customer by Company and shall be used by Customer only for the purposes specified in, and in accordance with, the Agreement. Electricity supplied by Company shall be for Customer's use only and may not be sold directly on a metered or unmetered basis by Customer to lessees, tenants or others and under no circumstances may Customer or other person or concern install or maintain any meter for the purpose of metering electricity supplied with the object of rendering a bill therefor unless authorized by Company's Schedule attached to and made a part of the Agreement.

A Customer who desires electricity for more than one classification of use on the same premises shall execute a separate Agreement for each separate classification, Customer's wiring being so arranged that electricity for each separate classification can be metered separately. When Customer conducts a business in his residence, for which business electricity is used, Company will supply all electricity through one meter under the Schedule applicable to the classification for his business use, unless Customer's wiring is so arranged that his residential use and his business use can be separately metered, in which event the appropriate Schedule will be applied to each such use.

In the event Customer utilizes a form of load control, such controls shall not cause a demand to be placed on Company's facilities which, in Company's opinion, unreasonably exceeds the integrated metered demand. Company reserves the right to determine the maximum fifteen-minute demand on a rolling time interval rather than the time interval of the metering facility in order to reflect the effect of any such controlled demand. The rolling time interval may or may not coincide with a time interval, if any, being supplied to Customer.

Customer shall not without the written assent of Company connect his installation to lines which cross over or under any public or semi-public space in order to supply electricity purchased through one meter to his adjacent properties. Such written assent may be given only in instances where such adjacent properties are operated as one integral unit under the same name and proprietorship and for carrying on parts of the same business, and where a separate type of business is not involved.

6. CONTRACT DEMAND

- (a) The Contract Demand shall be the kW of demand specified in the Service Agreement. In cases where any change is required in Company's facilities due to the actual demand exceeding the Contract Demand or due to Customer requesting an increase in available capacity, Company may require Customer to execute a new Agreement or amend an existing Agreement, thereby establishing a new Contract Demand. If Company is unable to supply such actual or requested increase, then upon written request, Customer will not exceed the existing Contract Demand or such amount in excess thereof as Company determines it is able to provide.
- (b) If Customer desires to reduce the effective Contract Demand at any time prior to the time the Billing Demand of the applicable Schedule first equals or exceeds the Contract Demand, Company may agree to reduce the Contract Demand to the number of kilowatts specified in writing by Customer provided Customer pays to Company a sum of money equal to the estimated cost (after deducting the then value of usable materials and facilities and the salvage value of nonusable materials and facilities) of installing and removing the existing facilities in place for serving Customer, plus any money spent by Company which would not have been spent if Customer had originally requested the reduced Contract Demand less 10% (20% if Customer is served from Company's distribution system) for each full year such facilities shall have been in service. The agreed upon reduction shall be effective with the beginning of the next ensuing billing period.

The Company reserves the right to reduce its facilities to the capacity adequate to serve the Customer's maximum 15-minute demand of the preceding twelve billing months and to amend the Service Agreement to such maximum demand. If Customer desires that Company not change its facilities, Company may agree to do so provided Customer executes a Service Agreement for the amount such facilities were installed to serve.

- (c) If Customer increases his load without adequate notice to Company, and without receiving Company's consent, and such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Customer.

7. LOW POWER FACTOR ADJUSTMENT

Customer shall at all times maintain a power factor at the point of delivery as nearly 100 percent as practicable; however, if Customer's power factor is found to be less than 85%, Company will increase the monthly bill by a sum equal to \$0.30 multiplied by the difference between the maximum reactive kilovolt-amperes (kVAR) registered or computed by a demand meter suitable for measuring the demands used during any 15-minute interval and 62% of the maximum kW demand registered in the current billing month.

8. BILLING

- (a) Company's meters will be read and bills rendered monthly at regular intervals of approximately 30 days. (By special order of the regulatory agencies bimonthly reading is permitted under certain conditions.)
- (b) If Company is unable to read Customer's meter for any reason, his use may be estimated by Company on the basis of his use during the next preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly" as used in Company's Schedules and Riders refers to the interval transpiring between the previous meter reading date and the current reading date and bills shall be rendered accordingly, except that if the period covered by an initial or final bill or due to rerouting of meter reading schedule is more or less than 28-34 days, the bill will be prorated based on a 30-day billing month.

9. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured usage for the period of time the meter was shown to be in error, not exceeding 60 days, just prior to the removal of such meter from service. Company shall refund or credit to Customer or Customer shall pay to Company the difference between the amount billed and the estimated amount which would have been billed had the meter not exceeded the allowable limits. No part of any minimum service charge shall be refunded.

10. POINT OF DELIVERY

The point of delivery is the point where Company's service conductors are, or are to be, connected to Customer's conductors. Customer shall do all things necessary to bring his service conductors to such point of delivery for connection to the Company's service conductors, and he shall maintain his said conductors in good order at all times. Unless otherwise stipulated in the Agreement, the point of delivery shall be located as follows:

- (a) In cases of a connection of Company's overhead service conductors to Customer's overhead service conductors, such point of delivery shall be on the outside of the wall of Customer's building where Company's service conductors may be conveniently extended and anchored.
- (b) In cases of connection of Company's overhead service conductors to Customer's underground service conductors, such point of delivery shall be at a place on Company's nearest pole approximately one foot below the Company's conductors from which Customer is to be supplied.
- (c) In cases of connection of Company's underground service conductors to Customer's service conductors, such point of delivery shall be at a place on the outside wall of Customer's building to which Company's conductors may be conveniently extended and terminated.
- (d) In cases where a ground type substation is installed by Company to supply electricity to Customer, the point of delivery shall be at a place designated by Company on its substation structure.
- (e) In cases where a service entrance panel box was installed by Company on the exterior of the outside wall of Customer's dwelling for the purpose of supplying electricity under Company's All Electric Residential Service Schedule, the point of delivery shall be the point where Customer's conductors are connected to Company's conductors in such panel box.
- (f) In cases where electric wiring was installed by Company in residences or apartment buildings with service entrances of 400 amperes or larger, by connection from Company's overhead service conductors, for the purpose of supplying electricity under Company's All Electric Residential Service Schedule, the point of delivery shall be the point where Company's conductors are connected to the main switch owned by Customer, or the point where Customer's conductors are connected to the meter trough provided for multiple dwelling units if there is not a main switch for all dwelling units.

Where special circumstances render it impracticable for the point of delivery to be located as above stated, then it shall be at a place selected or approved by Company and when so done the Customer shall bring his service conductors to and maintain them at such place.

11. INSTALLATIONS

- (a) By Company: Company shall install, own, operate, and maintain all lines and equipment located on its side of the point of delivery. It shall also furnish and install the necessary meter, and meter transformers where necessary, for measuring the electricity used, though such meter will usually be located on Customer's side of the point of delivery. When Customer requests

Company to supply electricity to a single premises in a special manner requiring facilities over and above those normally provided by Company, such additional facilities will be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) Customer will pay to Company a Monthly Facilities Charge of 2.0 percent of the estimated original installed cost and rearrangement cost of all facilities required, including metering, in addition to those Company would have provided, but not less than \$25 per month.
- (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in facilities necessary to supply Customer's special electric requirements (including conversion of the primary voltage to a higher voltage), the monthly charge for providing the additional facilities will be adjusted at that time. The Customer may terminate the additional facilities in accordance with the applicable termination provisions or continue the additional facilities under the changed conditions.
- (4) In lieu of the Monthly Facilities Charge of 2.0 percent, Customer may elect to make a contribution for the additional facilities as determined in 11(a)(2) and (3) above. After such payment, the Monthly Facilities Charge for the additional facilities will be 1.0 percent of said payment.
- (5) When Customer desires more than one point of delivery to a single premises at one or more voltages with a meter installation, acceptable to Company, to obtain the total kilowatt-hours and simultaneous kilowatts of demand, Company will furnish such service under the applicable terms and conditions of this Section 11.

Only those points of delivery located external to Customer's plant structure may be included in a totalized metering system arrangement. In case of a primary meter installation, the installed cost of metering equipment will not be included as additional facilities nor will the metering equipment be compensated for line or transformation losses.

- (6) Company shall not be required to make such installation of facilities in addition to those normally provided until Customer has signed such agreements, including provisions for termination, as may be required by Company.
- (b) By Customer: Customer shall install, own, operate and maintain all lines, service conductors, meter bases, and equipment, exclusive of Company's meter and meter transformers on Customer's side of the point of delivery and Customer will be the owner and have exclusive control thereof as well also as of all electricity after it passes the point of delivery. Customer shall so arrange his wiring that all electricity for one type of use can be supplied at one point of delivery and measured by a single meter. Except under special circumstances, Company's meter will be located on Customer's side of the point of delivery, and when it is to be so located Customer must make suitable provisions in his wiring for the convenient installation of the type of meter Company will use, and at a place suitable to Company. Customer's service entrance conductors shall not be installed within hollow walls unless the conductors are in conduit. Service entrance conductors not installed in conduit must be readily visible on the source side of Company's meter. Where a socket-type meter is to be used, Customer will provide, install at a place suitable to Company, own, and maintain a meter base or

meter/switch enclosure to accommodate Company's meter under the following conditions: (1) the meter base or meter/switch enclosure shall be in accordance with Company specifications and bear the seal of approval of UL or other recognized authority in the industry, (2) Customer agrees to allow Company to install, maintain, and exercise exclusive control over all Company-owned facilities located inside Customer-owned meter base or meter/switch enclosure, including termination of Company-owned conductors to the line side terminals of Customer's meter base or meter/switch enclosure, (3) Customer agrees to allow Company to open and inspect the meter base or meter/switch enclosure at any time, and (4) Customer shall notify Company and obtain permission before altering or performing maintenance inside the meter base or metering section of the meter/switch enclosure. Socket-type meter bases furnished by Company prior to January 1, 1991 will continue to be owned by Company until replacement of meter base is necessary, at which time Customer will provide, install at a place suitable to Company, own, and maintain a replacement meter base under the above conditions.

Customer shall not utilize any equipment, appliance, or device which tends to affect adversely Company's supply of service to, or the use of service by, Customer or others. Customer shall not install gaseous discharge lighting with a power factor of less than 90 percent lagging. When polyphase service is supplied by Company, Customer shall control his use so that his load will be maintained in reasonable electrical balance between the phases at the point of delivery. Customer shall install and maintain devices adequate to protect his equipment against irregularities on Company's system, including devices to protect against single phasing.

- (c) Access To Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Customer at all reasonable hours over the same general route as Customer utilizes for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing its property on the premises of Customer and to remove such property at the time of or at any time after suspension of service or termination of Agreement.
- (d) Protection: Customer shall protect Company's wiring and apparatus on Customer's premises and shall permit no one but Company's agents to handle same. In the event of any loss or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Customer, his employees or agents, the cost of making good such loss or repairing such damage shall be paid by Customer. In cases where Company's service facilities on Customer's premises require abnormal maintenance due to Customer's operation, Customer shall reimburse Company for such abnormal maintenance.

12. CONTINUANCE OF SERVICE AND LIABILITY THEREFORE

Company does not guarantee continuous service but shall use reasonable diligence at all times to provide an uninterrupted supply of electricity and having used reasonable diligence shall not be liable to Customer for damage, for failure in, or for interruptions or suspensions of, the same.

Company reserves the right to suspend service without liability on its part at such times and for such periods and in such manner as it may deem advisable (a) for the purpose of making necessary adjustments to, changes in, or repairs on its lines, substations, and facilities and (b) in cases where, in its opinion, the continuance of service to Customer's premises would endanger persons or property.

In the event of an adverse condition or disturbance on the system of Company, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas in order to limit the extent or damage of the adverse condition or disturbance, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, Company may, without incurring liability, interrupt service to customers or areas and take such other action as appears reasonably necessary.

Customer assumes responsibility for and shall indemnify, defend, and save the Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Customer and his employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Customer's side of the point of delivery.

13. GOVERNMENT RESTRICTIONS

The delivery date, quantity, and type of electricity to be supplied by Company are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency or shortage due to war or catastrophe, or during the duration thereof, all without liability on the part of the Company therefore.

14. COSTS INCURRED IN PREPARING TO SERVE CUSTOMER

If a prospective customer advises Company that he intends to contract for electric service with Company, and Company incurs costs in preparing to furnish service to him, and thereafter he fails to enter into a written Service Agreement with Company within a reasonable time after the date when he advises Company that he expects to begin receiving service, then such prospective customer shall be liable to Company for all costs reasonably incurred by Company in preparing to serve him.

15. SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

16. GENERAL

- (a) Whenever the term "service" or "electric service" is used in these Service Regulations or other portions of the Agreement, it shall be construed to refer to the electricity supplied to Customer.
- (b) The term "Company's service conductors" means Company's wires extending from the point of connection with Company's supply line to the point of delivery.
- (c) The term "Customer's service conductors" shall mean Customer's wires extending from the point of delivery to the switch box or other point where the branch circuits connect for the purpose of distributing the electricity taken from Company to his various places of use.

- (d) The term "service connection" means the connection of Company's service conductors to Customer's service conductors.

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Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.

Effective for bills rendered on and after July 1, 2005